

Michael O. Leavitt Governor Ted Stewart Executive Director James W. Carter Division Director 355 West North Temple 3 Triad Center, Suite 350 Salt Lake City, Utah 84180-1203 801-538-5340 801-359-3940 (Fax) 801-538-5319 (TDD)

August 30, 1994

Mr. Alan Wilson Senior Reclamation Engineer Hecla Mining Company 6500 Mineral Drive Box C-8000 Coeur D'Alene, Idaho 83814-1931

Re: Revised Reclamation Surety Estimate, Hecla Mining Company, Escalante Silver Mine, M/021/004, Iron County, Utah

Dear Mr. Wilson:

The Division has completed its assessment of your supplemental reclamation bonding information and has recalculated the required reclamation surety estimate for those remaining facilities at the Escalante Silver Mine. Enclosed with this letter is a copy of our revised reclamation surety estimate (\$389,300 - 1999 dollars) which includes projected reclamation costs for the remaining facilities associated with the mine & mill site areas, as well as the final work for the tailings impoundment.

A copy of this estimate was telefaxed to Mr. Gary Gamble of your office on August 18, 1994. Mr. Travis Jones subsequently spoke with Mr. Gamble about making arrangements for revising the reclamation surety amount. Mr. Gamble indicated he would contact your surety company about the issuance of a "rider" to the existing surety bond, effectively reducing the \$771,000 amount to \$389,300. If your surety company cannot issue a "rider", then a new surety bond form will need to be completed and returned to this office.

We have revised page 2 of 9 of the March 24, 1994, Reclamation Contract (FORM MR-RC) to reflect the change in the amount of required surety (\$389,300). Because this is an insignificant change to the form, the existing corporate signatures should be adequate and not need to be obtained again. Please obtain and return the surety bond "rider" as soon as possible. Upon our receipt of this information, we will be able to seek formal Board concurrence/approval of the revised amount and form of reclamation surety and then formally release your two (2) Certificate of Deposits.



Page 2 Mr. Alan Wilson M/021/004 August 30, 1994

The next scheduled Board Hearing is September 28, 1994. If possible, we would like to take this matter before the Board at that time. Board briefing packages are scheduled to be mailed out by September 9, 1994. Thank you for your continued patience and cooperation. Please let us know if there is anything we can do to assist you in finalizing this permitting action.

Sincerely,

D. Wayne Hedberg Permit Supervisor

Minerals Regulatory Program

jb Enclosures

cc: Don Ostler, DWQ

Arthur Tait, BLM, Beaver RA

Lowell Braxton, DOGM

M021004.rvb

RECLAMATION ESTIMATE-REDUCTION FOR WORK NOW COMPLETED

DRAFT

Hecla Mining Company

BONDING "SURPLUS" =

ALSO SEE NOTEBOOKS A,C & D

last revision

Escalante Silver Mine - Mill Tailings Facility

08/17/94

M/021/004 Iron County, Utah

filename

M21-04R2.WQ1

\$563,200

Prepared by Utah State Division of Oil, Gas & Mining

NOTEBOOK 'B'

Reclamation Details & Comments regarding work competed

- -Estimate for reclamation of facilities areas has been revised on Notebook 'C'
- -Revised tailings cover: 10" capillary, 18" subsoil, 6" topsoil (65 acres)---COMPLETED
- -Manure incorporated into tailings subsoil & topsoil caps (2-3,000 lb/acre)---COMPLETED
- -Road to tailings reduced via ripping & seeding(5,800' x 12'= 1.6 acre)
- -Impoundment runoff ditch constructed around tailings cap (7,200')---COMPLETED
- -Subsoil borrow areas regraded & ripped (HECLA ESTIMATE 31 acres)---COMPLETED
- -Surface layer of tailings to be compacted (ASSUME with a dozer)---COMPLETED
- -Rip topsoil stockpile area & drill seed (9 acre ESTIMATE)---RIPPING COMPLETED?
- -Monitor groundwater wells for 4 years after reclamation (quarterly)
- -Fence maintenance 3 years (7,900 + ~10,000 LF, quarterly)
- -Areas revegetated via drill seeding unless impractical (=>hand seeding)

-Disturbed acreage = office+tailings+borro	:	108							
Description	Amount		\$/Unit	Cost-\$					
Facilities demolition/removal	DOGM EST	Γ.	0	267,071	NOTEBOOK 'C'				
Tailings surface compaction(0.6 MPH)	65	acre	407	0	COMPLETED				
Waste rock capillary barrier 10*	87,389	CY	2.46	Q	COMPLETED				
Failings subsoil cap 18*	157,300	CY	1.51	0	COMPLETED				
Tailings topsoil cap 6*	52,433	CY	1.55	0	COMPLETED				
Disc manure into tallings soils	65	acre	250	0	COMPLETED				
Ripping tailings road (0.40 mph)	1.6	acre	603	965					
Runoff disch construction	7,200	ft	0.32	0	COMPLETED				
Ripping borrow areas (0.60 mph)	31	acre	407	0	COMPLETED				
Riptopsoil stockpile area	9.0	acre	407	0	COMPLETED?				
Reseed all disturbed areas	108	acre	290	31,320					
Monitor groundwater (quarterly)	4	yr	1,200	4,800					
Fencing-borrow areas(LF estimated)	10,000	LF	1.00	10,000					
Mobilization	5	units	1,000	5,000					
Fence maintenance (quarterly)	3	yr	400	1,200	_				
	SUBTOTAL	•		320,356					
	+ 10% COI	NTINGEN	ICY	32,036					
		SUBTO:	TAL	352,391					
	+5yr ESCA	L (2.01%))	36,868					
	UPDATED 1	FOTAL		389,259	_				
	ROUNDED	TOTAL 1	1999-\$	\$389,300					
AMOUNT OF OURER (ROMR									
AMOUNT OF SURETY BOND				\$771,000 \$181,500					
AMOUNT OF CURRENT FORMS OF SURET	•								
TOTAL AMOUNT OF SURETY CURRENTLY	POSTED			\$952,500					
LESS REVISED RECLAMATION ESTIMATE				\$389,300					

RECLAMATION ESTIMATE - MILL STRUCTURES

Hecla Mining Company

ALSO SEE NOTEBOOKS A,B & D

DRAFT

tast revision 08/17/94

filename M21-04R2.WQ2

Escalante Silver Mine

M/021/004 Iron County, Utah

Prepared by Utah State Divison of Oil, Gas & Mining

NOTEBOOK 'C' -This estimate is for reclamation (demolition) of the mill site & structures/facilities -THIS INFORMATION IS ORIGINALLY FROM FILE M21-04BL.WQ2

-This estimate does not include any salvage values for buildings or equipment

-All buildings are assumed to be demolished & buried onsite

-The list of structures is based upon Hecla submissions of 6/2/94 & 7/7/94

-Dimensions (L, W, H) were measured, estimated from photos, or if in brackets [dimension] assumed -All dimensions are in feet unless otherwise noted

-Italicized print indicates features assumed by DOGM to need reclamation

	Reference	means 1994 020-604-0050	means 1994 020-604-0500	means 1994 020-604-0050	means 1994 020-604-0500	REMOVED	means 1994 020-604-0500	DOGM est	DOGM est	Post-Mine Use	DOGM est	DOGM est	DOGM est	DOGM est	Post-Mine Use	Post-Mine Use	DOGM est								
	€9-	143,550	23,100	26,100	3,713	0	4,950	1,485	4,125	739	1,320	35,750	10,799	450	240	0	1,500	1,000	1,000	1,000	0	1,000	250	5,000	\$267,071
	#/UNIT	0.29	0.22	0.29	0.22	0	0.22	0.22	0.22	0.22	0.22	0.22	0.22	1.5	1.5	0	200	0	0	0	0	0	250		
	UNITS	495,000	105,000	90,000	16,875	0	22,500	6,750	18,750	3,360	6,000	162,500	49,088	300	160	0	ဗ	0	0	0	0	0	1	STIMATE	TOTAL =
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500	≥	55	9	30	25	dia	25	15	25	10	20	20	dia			dia	dia eac				10				
	_	200	70	9	45	2	09	30	20	28	20	130	20	300	160	20	20				22				
of the political and in	TYPE	steel frame	steel frame	steel & r-concre	steel frame	2	steel frame	steel	steel					itrator)	wer feed)				panel						
500000000000000000000000000000000000000	STRUCTURE	mill building & equip	bullion room & equip	crushing plant	assay lab	lab waste dilution tank	core shed near shaft[H]	hoist house[H]	dry & warehouse[H]	office near shaft[H]	lab near shaft[H]	leach tanks (pachucas)	thickener tank[H]	conveyor from crusher	conveyor from stockpile	water storage tank	3 unknown tanks	1500 KVA substation(concentrator)	2X5 MVA substation(main power feed)	ore stockpile & subsoil pile	shaft headframe	shaft substation	submersible pump & control panel	asbestos inspection	

RECLAMATION ESTIMATE

Hecla Mining Company

Escalante Silver Mine - Mill Tailings Facility

M/021/004 Iron County, Utah

Prepared by Utah State Division of Oil, Gas & Mining

ALSO SEE NOTEBOOKS B,C & D

last revision 08/17/94

filename M21-04R2.WQ2

NOTEBOOK "A"

Reclamation Details - THIS IS THE ESTIMATE OF 02/01/94

- -All structures and equipment to be removed from the office site (1.5 acre EST)
- -Revised tailings cover: 10" capillary, 18" subsoil, 6" topsoil (65 acres)
- -Hay incorporated into tailings subsoil & topsoil caps (2-3,000 lb/acre)
- -Road to tailings reduced via ripping & seeding(5,800' x 12'= 1.6 acre)
- -Impoundment runoff ditch constructed around tailings cap (7,200')
- -Subsoil borrow areas ripped, topsoiled & seeded (HECLA ESTIMATE 31 acres)
- -Surface layer of tailings to be compacted (ASSUME with a dozer)
- -Rip topsoil stockpile area & drill seed (9 acre ESTIMATE)
- -Monitor groundwater wells for 4 years after reclamation (quarterly)
- -Fence maintenance 3 years (7,900 + ~10,000 LF, quarterly)
- -Areas revegetated via drill seeding unless impractical (=>hand seeding)

<pre>-Disturbed acreage = office+tailings+bor</pre>	108			
Description	Amount		\$/Unit	Cost-\$
Structure demolition/removal	sum-ASSI	JMED	5,000	5,000
Compaction of tailings surface (0.60 MPH)	65	acre	407	26,455
Waste rock capillary barrier 10" *	87,389	CY	2.46	214,977
Tailings subsoil cap 18" *	157,300	CY	1.51	237,523
Tailings topsoil cap 6" *	52,433	CY	1.55	81,272
Disc hay into tailings soils *	65	acre	250	16,250
Ripping tailings road (0.40 mph) **	1.6	acre	603	965
Runoff ditch construction **	7,200	ft	0.32	2,304
Ripping borrow areas (0.60 mph) **	31	acre	407	12,617
Rip topsoil stockpile area**	9.0	acre	407	3,663
Reseed all disturbed areas	108	acre	290	31,320
Monitor groundwater (quarterly)	4	yr	1,200	4,800
Fencing-borrow areas(LF estimated)	10,000	LF	1.00	10,000
Mobilization	5	units	1,000	5,000
Fence maintenance (quarterly)	3	yr	400	1,200
	SUBTOTA	L.		653,345
	+ 10% CC	SENCY	65,335	
* Phase I Surety Reduction		SUBT	OTAL	718,680
** Phase II Surety Reduction	+5yr ESC	52,496		
	TOTAL			771,176
	ROUNDE	TOT D	AL IN 1999-	\$771,000
Average cost per acre =	7,139	\$/acre		